

OPENING STATEMENT

of

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Before the

COMMITTEE ON SMALL BUSINESS AND
ENTREPRENEURSHIP

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Good morning, Sen. Snowe and members of the committee. It is a privilege to come before you for consideration to be the next Inspector General of the Small Business Administration. Thank you for allowing me to make a brief opening statement, and I hope that in reviewing my qualifications for nomination, you will find that I bring a strong, varied background of related government experience to this position. I have served in the military as an Air Force pilot, in several executive branch agencies, and as an investigator for a number of committees in both the House and the Senate.

I began my government service as a cadet at the U.S. Air Force Academy. By that time in my life I had lost both my parents and could not even pay the uniform deposit required upon entrance. I have always looked upon this opportunity as a true gift that forever changed my life, and set the foundation for a debt to this country that I will never be able to repay no matter how many years of government service I accumulate.

After spending 2 years flying in Southeast Asia, I left the Air Force in 1973. I started a tiny flight school in Southern California with 3 single engine airplanes. The capitalization of the company came from my only credit card. I learned that there was a government agency that had a unique program to assist Viet Nam returnees with loans to develop a business. I applied. One day, I received a call from the Small Business Administration that I had been approved for one of these special loans. I was stunned! By 1985, I had paid back the SBA loan in full, and my company was operating over 20 private jet aircraft, primarily for the movie industry. My clients included Frank Sinatra, Clint Eastwood, Merv Griffin and Henry Fonda. This most interesting time in my career would not have been possible except for the SBA.

1985 was also the year that I was offered a position by the Reagan Administration as Deputy Assistant Secretary of the Air Force for Economic Analysis and Financial Controls. Given my background with the Air Force, that was not something I could turn down. It was time to start paying back.

I mentioned earlier having been a Congressional investigator. In 1995, I had the privilege of being named the Chief Investigator for the Senate Permanent Subcommittee on Investigations, one of the most incredible jobs I have ever held. Part of that enjoyment came from working for a very fine man, the late Senator William Roth. He believed in the importance of nonpartisan oversight and demanded an exceptionally high degree of accuracy and integrity in the investigations that he authorized. Those lessons are particularly applicable to any Inspector General. During this time we conducted investigations involving defense contractor fraud, Medicare fraud and even the Russian Mafia.

Today, as the nominee to be an Inspector General for the SBA, we are on the edge of what, I believe, will be a crucial test for the agency. As a result of hurricanes Katrina and Rita, the SBA is at the forefront for the disaster relief loans, which will involve unprecedented numbers, both in applications and dollars. Also, history has proven that in this kind of situation, we can expect there to be an unprecedented number of attempts to defraud the program. It is strongly stated that the first goal of the Office of the Inspector

General is to, “Prevent fraud and unnecessary losses in SBA programs.” The word “prevent” clearly implies the need to be proactive, to stop fraud before it can be accomplished, and to create a deterrent to those who might be planning on taking advantage of this nation’s efforts to assist those who have lost so much. If confirmed as the IG, I can assure you that the entire office, both auditors and investigators, will use every means to deter such efforts, and to work with the Administrator of the SBA in finding ways to ensure these vital loans are distributed to only those in true need.

I sincerely hope that you find my background and experience worthy of the position of Inspector General. I look forward to answering any questions that you might have for me.